



WESTBOND ENTERPRISES CORPORATION

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2020 and 2019

(Unaudited – See Notice to Reader)

WestBond Enterprises Corporation
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WestBond Enterprises Corporation

Notice to Reader

The accompanying interim consolidated financial statements of WestBond Enterprises Corporation for the three month and six periods ended September 30, 2020 and 2019 have been prepared by and are the responsibility of the company's management. They are unaudited and have not been reviewed by independent auditors.

WestBond Enterprises Corporation
Consolidated Statements of Financial Position
Canadian Dollars
(Unaudited)

	Notes	September 30 2020 \$	March 31 2020 \$
ASSETS			
Non-Current Assets			
Plant and equipment		7,854,474	7,564,112
Right-of-use assets		2,518,135	2,657,020
Deferred tax asset		14,427	18,845
		10,387,036	10,239,977
Current Assets			
Inventory		1,805,362	1,286,708
Trade and other receivables		1,294,016	1,611,361
Prepaid expenses		377,017	88,292
Cash and cash equivalents		170,050	394,051
		3,646,445	3,380,412
Total Assets		14,033,481	13,620,389
EQUITY AND LIABILITIES			
Equity			
Common shares issued and outstanding	4	4,138,710	4,138,710
Contributed surplus		294,089	294,089
Retained earnings		1,993,695	1,458,218
Equity attributable to common shareholders		6,426,494	5,891,017
Liabilities			
Non-Current Liabilities			
Term bank loans		1,369,036	1,726,180
Unrealized loss on interest rate swap		54,084	64,939
Lease liability		2,406,147	2,514,018
Deferred tax liability		1,418,258	1,227,568
		5,247,525	5,532,705
Current Liabilities			
Revolving bank loans		150,186	-
Term bank loans		714,288	714,288
Lease liability		212,689	207,983
Trade and other payables		1,282,299	1,274,396
		2,359,462	2,196,667
Total Liabilities		7,606,987	7,729,372
Total Equity and Liabilities		14,033,481	13,620,389
Commitments	5		

The accompanying notes are an integral part of these interim consolidated financial statements.

WestBond Enterprises Corporation
Consolidated Statements of Profit and Comprehensive Income
Canadian Dollars
(Unaudited)

	Notes	Three months ended		Six months ended	
		September 30		September 30	
		2020	2019	2020	2019
		\$	\$	\$	\$
Sales	6	3,268,300	3,007,023	5,223,641	5,753,067
Cost of sales	7	2,182,005	2,354,093	3,838,359	4,481,560
Gross Profit		1,086,295	652,930	1,385,282	1,271,507
Selling and distribution expenses	8	207,634	232,539	393,942	448,857
General and administrative expenses	9	186,230	178,560	367,416	349,875
Operating Profit		692,431	241,831	623,924	472,775
Foreign exchange loss (gain)		3,065	4,270	4,459	(3,551)
Interest expense on bank loans		22,184	28,587	45,084	58,383
Interest expense on lease liabilities		29,556	31,776	59,359	63,680
Government Emergency Wage Subsidy		(88,142)	-	(204,710)	-
Unrealized gain on interest rate swap		(8,827)	(8,355)	(10,855)	(3,781)
Profit Before Tax		734,595	185,553	730,587	358,044
Income tax expense		196,304	48,644	195,110	96,832
Profit and Comprehensive Income		538,291	136,909	535,477	261,212
Weighted average shares outstanding		35,515,800	33,665,800	35,515,800	33,665,800
(Net loss) earnings per share, basic and fully diluted		0.015	0.004	0.015	0.008

The accompanying notes are an integral part of these interim consolidated financial statements.

WestBond Enterprises Corporation
Consolidated Statements of Changes in Equity
Canadian Dollars
(Unaudited)

	Common Shares	Stock Options	Contributed Surplus	Retained Earnings	Total
	\$	\$	\$	\$	\$
Balance as at March 31, 2019	3,903,940	81,770	294,089	1,071,338	5,351,137
Adjustment of opening balance on adoption of IFRS 16	-	-	-	142,522	142,522
Balance as at April 1, 2019	3,903,940	81,770	294,089	1,213,860	5,493,659
Dividends paid, \$0.005 per share	-	-	-	(169,080)	(169,080)
Profit for the period	-	-	-	261,212	261,212
Balance as at September 30, 2019	<u>3,903,940</u>	<u>81,770</u>	<u>294,089</u>	<u>1,305,992</u>	<u>5,585,791</u>
Balance as at March 31, 2020	4,138,710	-	294,089	1,458,218	5,891,017
Profit for the period	-	-	-	535,477	535,477
Balance as at September 30, 2020	<u>4,138,710</u>	<u>-</u>	<u>294,089</u>	<u>1,993,695</u>	<u>6,426,494</u>

The accompanying notes are an integral part of these interim consolidated financial statements.

WestBond Enterprises Corporation
Consolidated Statements of Cash Flows
Canadian Dollars
(Unaudited)

Notes	Three months ended September 30		Six months ended September 30	
	2020	2019	2020	2019
			\$	\$
Operating Activities				
Profit	538,291	136,909	535,477	261,212
Adjustments to reconcile profit to cash flows from operating activities				
- depreciation of plant and office equipment	167,338	170,423	333,642	338,856
- depreciation of right-of-use assets	69,822	69,822	138,885	138,885
- unrealized (gain) loss on interest rate swap	(8,827)	(8,355)	(10,855)	(3,781)
- interest expense on bank loans	22,184	28,587	45,084	58,383
- interest expense on lease liabilities	29,556	31,776	59,359	63,680
- income tax expense	196,304	48,644	195,110	96,832
Cash flows from operating activities before changes in non-cash working capital	1,014,668	477,806	1,296,702	954,067
Decrease (increase) in				
- inventory	32,903	128,242	(518,654)	(69,234)
- trade and other receivables	(533,730)	(38,619)	317,345	(10,675)
- prepaid expenses	(309,599)	(80,503)	(291,501)	(54,352)
Increase (decrease) in				
- trade and other payables	230,903	(205,464)	(38,919)	(123,925)
Net Cash Flow from Operating Activities	435,145	281,462	764,973	695,881
Investing Activities				
Purchase of plant and equipment	10	(423,640)	(160,771)	(577,275)
Financing Activities				
Dividends paid	-	(84,540)	-	(169,080)
Repayment of term loans	(178,572)	(178,572)	(357,144)	(357,144)
Increase in revolving bank loans	150,186	-	150,186	-
Interest paid on bank loans	(21,835)	(27,884)	(42,308)	(57,638)
Interest portion of lease payments	(29,738)	(31,933)	(59,268)	(53,371)
Principal portion of lease payments	(51,478)	(42,831)	(103,165)	(96,157)
Net Cash Flow from Financing Activities	(131,437)	(365,760)	(411,699)	(733,390)
Net Decrease in Cash and Cash Equivalents				
	(119,932)	(245,069)	(224,001)	(376,119)
Cash and Cash Equivalents at the Beginning of the Period				
	289,982	342,980	394,051	474,030
Cash and Cash Equivalents at the End of the Period				
	170,050	97,911	170,050	97,911

The accompanying notes are an integral part of these interim consolidated financial statements.

WESTBOND ENTERPRISES CORPORATION

Notes to the Interim Consolidated Financial Statements

September 30, 2020 and 2019

(Canadian Dollars)

(unaudited)

1. GENERAL INFORMATION

WestBond Enterprises Corporation and its wholly owned subsidiary, WestBond Industries Inc., (together, the company) are a paper manufacturer and converter that manufactures disposable products for medical, hygienic and industrial uses. The company's manufacturing facilities are in Canada and its sales are primarily to Canada and the United States of America. The company is incorporated in British Columbia, Canada, and has its principal place of business at 101 – 7403 Progress Way, Delta, British Columbia.

The interim consolidated financial statements of the company for the three and six month periods ended September 30, 2020 were approved and authorized for issue by resolution of the directors on November 25, 2020.

2. BASIS OF PREPARATION AND INTERIM PERIOD REPORTING

The interim consolidated financial statements of the company have been prepared in compliance with International Accounting Standard 34, *Interim Financial Reporting*, ("IAS 34"). The policies applied in these interim consolidated financial statements are based on International Financial Reporting Standards ("IFRS") issued and outstanding as of the date the Board of Directors approved the statements. Any subsequent changes to IFRS that are given effect in the company's annual consolidated financial statements for the year ending March 31, 2021 could result in restatement of these interim consolidated financial statements. The interim consolidated financial statements have been prepared under the historical cost convention.

The same accounting policies and methods of computation were followed in the preparation of these interim consolidated financial statements as in the consolidated financial statements for the year ended March 31, 2020.

The disclosure contained in these interim consolidated financial statements is condensed and includes only selected explanatory notes and does not duplicate or repeat disclosure reported in the consolidated financial statements for the year ended March 31, 2020 that has not changed materially since their date of issue. Accordingly, these interim consolidated financial statements should only be read in conjunction with the consolidated financial statements of the company for the year ended March 31, 2020.

3. RELATED PARTY TRANSACTIONS

During the six months ended September 30, 2020 the company incurred total compensation, comprising short-term employee benefits, of \$200,489 (2019 – \$192,590), to the directors and officers of the company and incurred \$8,400 (2019 – \$5,883) of legal fees in the normal course of operations with a firm in which a director of the company is associated.

4. STOCK OPTIONS

Subsequent to September 30, 2020 the company issued options to employees and directors to purchase up to 1,520,000 common shares of the company at \$0.55 per share until October 5, 2025.

5. COMMITMENTS

Commitments to purchase equipment for US\$57,600 were outstanding at September 30, 2020, including the commitment of US\$14,000 outstanding at March 31, 2020. Subsequent to September 30, 2020, the company committed to purchase additional equipment for US\$876,570. The irrevocable letter of credit outstanding at March 31, 2020 expired during the six months ended September 30, 2020.

WESTBOND ENTERPRISES CORPORATION
Notes to the Interim Consolidated Financial Statements
September 30, 2020 and 2019
Canadian Dollars
(unaudited)

	Three months ended		Six months ended	
	September 30		September 30	
	2020	2019	2020	2019
	\$	\$	\$	\$
6. SALES				
Personal hygiene products	570,685	979,457	1,283,144	1,949,291
Clinical products	380,753	470,497	694,590	923,599
Wipes	1,943,332	500,760	2,670,327	954,967
Non-wipe air laid products	366,716	1,046,526	552,639	1,902,999
Other products	6,814	9,783	22,941	22,211
	<u>3,268,300</u>	<u>3,007,023</u>	<u>5,223,641</u>	<u>5,753,067</u>
7. COST OF SALES				
Materials	1,404,430	1,613,895	2,326,767	2,945,042
Production labour	257,943	235,655	447,063	499,257
Factory overhead labour	120,281	104,358	266,740	221,165
Variable overhead	116,603	110,265	229,974	249,450
Fixed overhead	52,289	56,356	108,640	102,194
Depreciation of plant equipment	165,385	168,490	329,734	335,011
Depreciation of right-of-use assets	65,074	65,074	129,441	129,441
	<u>2,182,005</u>	<u>2,354,093</u>	<u>3,838,359</u>	<u>4,481,560</u>
8. SELLING AND DISTRIBUTION EXPENSES				
Shipping	157,266	200,110	308,374	387,740
Wages, commissions and other employee benefits	38,932	27,236	57,907	54,081
Other	11,436	5,193	27,661	7,036
	<u>207,634</u>	<u>232,539</u>	<u>393,942</u>	<u>448,857</u>
9. GENERAL AND ADMINISTRATIVE EXPENSES				
Administration and office	31,794	33,438	58,223	60,745
Corporate promotion	2,585	3,754	3,460	4,789
Depreciation of right-of-use assets	4,748	4,748	9,444	9,444
Impairment loss on trade receivables	-	-	18,311	-
Professional fees	17,024	15,743	36,800	30,743
Salaries and other employee benefits	130,079	120,877	241,178	244,154
	<u>186,230</u>	<u>178,560</u>	<u>367,416</u>	<u>349,875</u>
10. NON-CASH INVESTING ACTIVITIES				
Increase (decrease) in accounts payable related to purchase of plant and equipment	11,245	2,921	46,729	(11,516)